GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3110
ANSWERED ON:05.08.2002
TRADING IN COPRA
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the First Commodity Exchange of India (FCEI) has started functioning including trading in Copra;

(b) if so, whether because of the intervention of FCEI the Copra prices are looking up after a long gap of depression;

(c) if so, whether the NAFED`s role as the leading procurement agency for Copra willcontinue as before despite FCEI`s operations; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): Yes, Sir.

(b): The futures trading in any commodity performs the functions of price discovery and risk management. The futures prices are the advance forecast of the likely prices in the delivery month. When there is a liquid futures markets, the intra-seasonal price variation may be reduced as hedging in futures markets enables the suppliers/farmers to stagger their sale over the season. The fundamental factors of demand and supply continue to decide the prices, even when there is futures trading. Short-term fluctuations in prices, therefore may not be attributed to operation futures markets as such.

(c)&(d): Yes, Sir. NAFED being the Central nodal agency of the Government of India for procurement of Oilseeds and Pulses under Price Support Scheme (PSS), intervenes in the market as and when prices rule below the Minimum Support Price (MSP) declared by the Government of India. Copra is a perennial crop and brought in the market throughout the year and NAFED monitors the market prices. The procurement is carried out without any quantitative ceiling till the market prices reach the level of MSP.